

OSA-4647-65
#1739

REPLY TO:
Audit Liaison Office
P. O. Box 8155
S. W. Station
Washington, D. C.

7 December 1965

SUBJECT: Review of ECP #1987-22
Airborne Instrument Laboratory
Deer Park, New York

TO : Contracting Officer

1. A review was made of the contractor's cost proposal to provide maintenance service for the CDC-3200 computer complex and peripheral equipment. All the maintenance services will be performed by a sub-contractor, Control Data Corporation, with no input to be contributed by the subject contractor except to function as a contracting agent at a cost of \$26,639. The period of performance is estimated to commence on 31 January 1966 and to terminate on 30 October 1966 (nine - 9 - months.)

2. A summary of the contractor's cost proposal and the auditor's applicable comments are as follows:

	Per <u>Proposal</u>	Ref <u>Notes</u>
Subcontracting (CDC)	\$171,176	a
G & A @7.5%	12,838	b
Total Cost	\$184,014	
Fee Requested 7.5%	13,801	cc
 TOTAL PROPOSAL	 <u>\$197,815</u>	

Ref Notes:

a. The contractor's pricing of maintenance service is based on a published price list supplied by the subcontractor (CDC) for contracts with the General Services Administration. The subcontractor's price list/catalogue offers four (4) options for available maintenance service as follows:

- Option I - Eight (8) hour day, five (5) days per week
- Option II - Twelve (12) hour day, five (5) days per week
- Option III - Sixteen (16) hour day, five (5) days per week
- Option IV - Twenty (20) hour day, five (5) days per week

The contractor has elected to present the proposal based on option IV, since the equipment to be serviced will be in operation for 20 hours per day. If the Option I is considered desirable by technically qualified representatives, then this would result in a subcontract cost savings of \$108,326 as presented as follows on attached schedule.

b. The contractor proposed a G & A rate of 7.5%. If Option IV is considered acceptable, then the auditor accepts the contractor's proposed rate. If one of the other three options are considered desirable, the auditor recommends a G & A rate of 7.4%. A review of the current year book rates and forecasted budgets indicates that the 7.5% rate may be excessive. No adjustment was made to Option IV costs since a rate reduction of .1% would result in only a minor cost saving.

c. The contractor has requested a fee based on 7.5% of the estimated costs.

SIGNED

WILLIAM F. EDWARDS
Auditor General Representative (APL)

Description OF Equipment	CND Part Number	No of Months	Option # IV		No of Months	Option # I		Decrease Option II less Option I
			Monthly Charge	Total Cost Per Proposal		Monthly Charge	Total Cost Per Auditor	
4K-Computer	8041	7	22275	1559	7	135-	945	614
Data Channel Card	3681	7	33-	231	7	20-	140	91
Transf. Switch Card	3270-A	7	1650	116	7	14-	98	18
Magnetic Tape Contr.	1623	7	18150	1270	7	110-	770	500
Magnetic Tape Group	604	7	325-	2275	7	130-	910	1365
Magnetic Tape Contr.	3423	7	264-	3696	7	160-	1120	2576
Disc Pac Controller	3231	7	8250	578	7	50-	350	228
Disc Storage Unit	1311-1	7	16250	1137	7	130-	910	227
Disc Storage Unit	1311-2	7	13750	963	7	110-	770	193
Transf. Switch	8271-B	7	1280	179	7	2240	157	22
3200 Computer	Sev-13	9	572750	51548	9	258850	18120	33428
"	Sev-8	9	557525	50177	9	2585-	18095	32082
"	Sev-63	9	638300	57447	9	292350	20465	36982
				171176			62850	108326